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INTERVENTION

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

2014 FEB 25 PM 3 12

February 24, 2014

Arizona Corporation Commission
Utilities Division 1200 W. Washington Street Phoenix, AZ 85007
Attention: Docket Control

ORIGINAL

Re: Motion to Intervene Docket #W-1580A-13-0255 Tonto Village Water Co. Rate Increase Application

Arizona Corporation Commission Commissioners and Staff,

I have been a resident of Tonto Village since 1990 and am very familiar with the activities, practices and methods of both the current and previous owners of the Tonto Village Water Company (TVWC). I requesting to intervene in this rate case for three main reasons:

- Public Health and Safety associated with daily operations and repairs,
- Reduction in wells and possibilities of long term water source contamination,
- Having a rate structure that covers TVWC expenses and provides a reasonable return while spreading the cost of water service availability evenly across part and full time residents and at the same time is not punitive to full time families with multiple children and/or gardens who will, by definition, use a larger volume of water than part time home owners.

Each of my concerns is fully addressed below:

Public Health and Safety:

- No segment isolation valves
- Many dead ends
- No flush valves or clean out ports
- No flushing after repairs, pressure loss or power outages

Arizona Corporation Commission

DOCKETED

FEB 25 2014

DOCKETED BY

ADEQ requires 20 psi at all times to avoid intake of tainted waters around pipes. However because the water company was formed 35 years before the existence of ADEQ and was essentially grandfathered in, TVWC has almost no accountability to ADEQ who therefore has no leverage to require compliance with the addition of public health related procedures, equipment or practices. I believe you will find that the regulations for current water systems have more teeth.

The ACC through its charter derived from ARS Title 40 and stated on the ACC website states, "The Commissioners have the ultimate responsibility for final decisions on granting or denying rate adjustments, enforcing safety and public service requirements, and approving securities matters." This charter is the only meaningful teeth among all the regulatory bodies that oversee old water companies and is only available when the "Company" wants something. It is imperative that the Commissioners accept this responsibility and order TVWC, in cooperation with ADEQ, to establish proper procedures and practices, implement accountability reporting to both the citizens and the state regulatory bodies (ACC & ADEQ), increase the frequency of testing and testing after power outages, pressure losses and repairs & and install appropriate isolation valves and flush valves & ports to provide for the adequate flushing and appropriate protection of the Public Health.

ADEQ requires 20 psi at all times to avoid intake of tainted waters around pipes. With no means of clearing the lines all pollution & foreign materials introduced during repairs, power outages or loss of pressure for any reason, circulates in the system until someone draws it into their home. In this state there are untreated packets of contaminated water circulating with virtually no contact with residual chlorine. The probability of one of these contaminated packets actually being sampled is very small. The chance of one of the contaminated packets being used by one of the full time residents is much higher as is supported by complaints of poor health by many residents who credit the illnesses to consumption or contact with contaminated water delivered by the TVWC system. A significant portion of the full time residents including all my relatives and extended family, purchase bottled water for cooking and drinking.

EXAMPLE:

At my home have had one coliform event followed by two line breaks and long repair events. There was significant loss of water and opportunity for direct intake and transport of septic waters.

ADEQ advice upon receipt of the coliform report was "make sure I adequately flush my lines and hot water heater after every loss of pressure." This recommendation did not consider that the main line was still tainted unless I completely flushed the system. After I has completed this flushing, ADEQ did require a sample to be take by TVWC, which came out fine. Sediments are commonly reported in toilet tanks by residents pointing to the need for flushing.

ADEQ suggested that I encourage TVWC to set up agreements with residents for main line flushing through outside water spigots after power loss or repairs. I did this and to date I am not aware of this suggestion ever being implemented by the water company, certainly not in either of the two breaks on our property.

Well Reduction and Pollution of Water Source.

Well #2A was drilled to replace Well #1, abandoned due to Nitrate pollution at the commissions order in 2008 and not now owned by TVWC. Well #2A is 40'-50' from Well #2 and deeper, with a cone of depression that fully encompasses Well #2, easily intersects that of Well #3 and pulls tainted waters from the old Well #1 site toward Well 2A.

Very little "New Water" was encountered in this effort and the result of the ACC's non-specific order with no oversight of the drilling location has essentially reduced our supply options from three to one well at a cost of over \$112,000. I doubt that the ACC actually knows whether or not the former owner of TVWC has properly abandoned Well #1. More oversight by the ACC &/or ADEQ with full reporting and accountability is a must.

Rate Structure That is Fair to All Being Served and Not Punitive to Full Time Residents.

My wife and I did our best to determine the number of homes that are used only part time as well as the number of people residing at a full time residence. Our findings are as follows:

Total water meters (from staff documents)	176
Part Time Use Homes	104
Homes Occupied full time	72
Full Time Homes with 1 or 2 Occupants	55
Full Time Homes with 2 to 8 Occupants	17
One Restaurant and One School	

I have attached a suggested rate structure and an analysis of that structure compared to family size using the Town of Payson average daily per capita usage of 82 gallons per day. I think this structure is fair to all part and full time residents and will provide the needed financial support for TVWC and allow them to take the steps needed for water system operation to be protective of public health. This rate structure:

- Provides a reliable source of year round revenue by having all residents pay a higher base bill. This is appropriate because all residences require water service regardless if the owners are part or full time occupants. This is fair to all residents as it provides for reliable water availability.
- Raises the usage rate to account for any additional costs associated with delivery of that water.
- It appears that the existing per gallon usage schedule is effective at keeping excessive water usage in check as TVWC is not concerned with quick fixes on line breaks.

In support of the lack of urgency for line leak repairs I quote the following from my wife Kendra's letter to the commission on this rate case dated August 11, 2013:

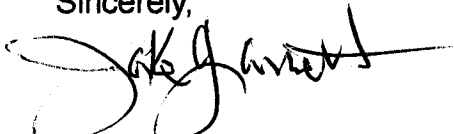
"...(the leak) was on the water company's side of the meter so we notified TVWC. We were told that they would not be able to fix it for some time and that they were not concerned about the loss of water as "it didn't cost them anything". The leak ran for **three or four weeks or more** before TVWC was able to fix it. The pit remained open for the entire time.

Our guess is that the leak was running at about the volume of a half-on hose. We ran the full-on faucet into a 5 gallon bucket and it filled in about 1 minute. From that we estimated that the leak flow rate was around 2 gallons per minute or **2,880 gallons per day**. Our water consumption for a winter month is slightly over 3,000 gallons. **This leak wasted 4+ years of in-home water usage for our home.**

On my daily walks in the village I observe water main repairs being conducted in much the same manner as the one I have just described. **Ours is not an isolated situation."**

I am hopeful that my request to intervene in this rate case will be granted and look forward to the public hearing on this rate case so these issues can be discussed and appropriately addressed.

Sincerely,



Jake Garrett

Service List For:

Tonto Village Water Company, Inc.

Docket No.: W-1580A-13-0255

Cc:

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Utility Systems
Tonto Village Water Co.
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Garrett Proposed Rate Structure

Feb 24, 2014

	Proposed Base	Tier 1	Tier 2	Tier 3
	Includes 2K gal	2K-7K	7K-12K	12K+
	22.00	2.00	3.00	4.00
Gallons/Mo	Present	Garrett	\$	%
	Rates	Proposed	Increase	Increase
0	10.00	22.00	12.00	120%
1,000	11.05	22.00	10.95	99%
2,000	12.10	22.00	9.90	82%
3,000	13.15	24.00	10.85	83%
4,000	15.30	26.00	10.70	70%
5,000	17.45	28.00	10.55	60%
6,000	19.60	30.00	10.40	53%
7,000	21.75	32.00	10.25	47%
8,000	25.25	35.00	9.75	39%
9,000	28.75	38.00	9.25	32%
10,000	32.25	41.00	8.75	27%
11,000	35.75	44.00	8.25	23%
12,000	39.25	47.00	7.75	20%
13,000	42.75	51.00	8.25	19%
14,000	46.25	55.00	8.75	19%
15,000	49.75	59.00	9.25	19%
20,000	67.25	79.00	11.75	17%
25,000	84.75	99.00	14.25	17%
50,000	172.25	199.00	26.75	16%
75,000	259.75	299.00	39.25	15%
100,000	347.25	399.00	51.75	15%
125,000	434.75	499.00	64.25	15%
150,000	522.25	599.00	76.75	15%
175,000	609.75	699.00	89.25	15%
200,000	697.25	799.00	101.75	15%

GARRETT PROPOSED RATE

The Town of Payson, Az has the lowest per capita water usage in AZ at 82 gpd

Using 82 gpd per person the following is the water usage for homes

Gila County Average Occupancy = 2.5 people per home

Feb 24, 2014

	People in the Home								
	1	2	2.5	3	4	5	6	7	8
Daily Usage @	82	164	205	246	328	410	492	574	656
82 GPD Per Person									
30 Days per Mo									
Gallons/Mo	2,460	4,920	6,150	7,380	9,840	12,300	14,760	17,220	19,680
Current Base	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
T1-3K 1.05	2.58	3.15	3.15	3.15	3.15	3.15	3.15	3.15	3.15
T2-7K 2.15		4.13	6.77	10.75	10.75	10.75	10.75	10.75	10.75
T3-7K+ 3.50				1.33	9.94	18.55	27.16	35.77	44.38
TOTAL	12.58	17.28	19.92	25.23	33.84	42.45	51.06	59.67	68.28
Garrett Prop Base	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00
T1-2K 2.00	0.92	5.84	8.30	10.00	10.00	10.00	10.00	10.00	10.00
T2-7K 3.00				1.14	8.52	15.00	15.00	15.00	15.00
T3-12K+ 4.00						1.20	11.04	20.88	30.72
TOTAL	22.92	27.84	30.30	33.14	40.52	48.20	58.04	67.88	77.72
\$ Increase	10.34	10.56	10.38	7.91	6.68	5.75	6.98	8.21	9.44
% Increase	1.82	1.61	1.52	1.31	1.20	1.14	1.14	1.14	1.14